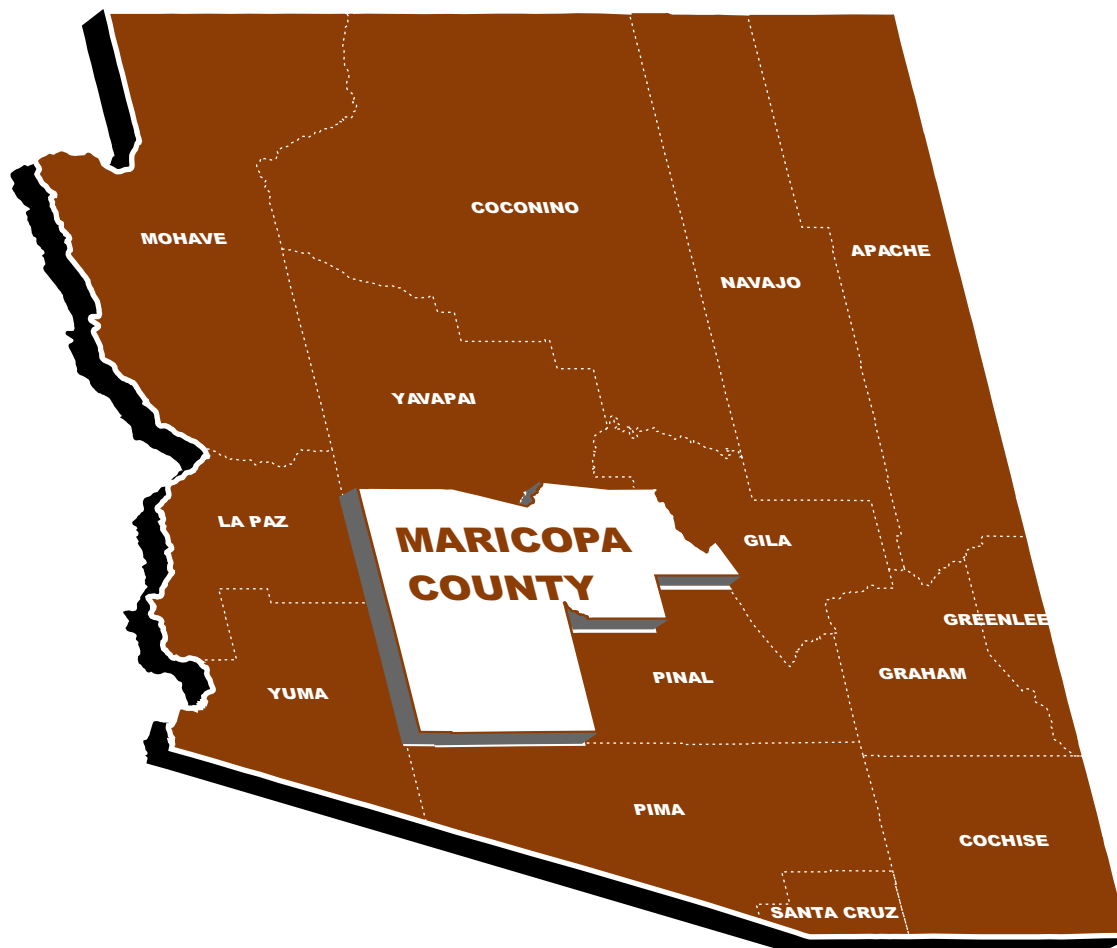


# Risk Management Annual Report

Fiscal Year Ended June 30, 2008



**Maricopa County, Arizona**

[www.maricopa.gov](http://www.maricopa.gov)

**MARICOPA COUNTY  
RISK MANAGEMENT ANNUAL REPORT  
FISCAL YEAR 2007-08**

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# EXECUTIVE SUMMARY

## **RISK MANAGEMENT ANNUAL REPORT EXECUTIVE SUMMARY**

Presented herein is the *Maricopa County Risk Management Annual Report*, for the fiscal year July 1, 2007 through June 30, 2008.

This report contains summaries of the fiscal year's losses and costs for Maricopa County's auto liability, auto physical damage, general liability, medical malpractice, property damage, workers' compensation, and unemployment exposures. This report, along with ongoing quarterly reports to County departments during the year, are intended to assist departments in recognizing the nature and extent of their losses, and to lead departments to consider implementation of effective loss control and prevention programs.

### **Structure and Mission**

As of June 30, 2008, the Risk Management Department completed its **27th year** administering the County's self-insurance program. Risk Management's mission is to provide claim management, safety consultations and training, environmental consultations and insurance coverage services to Maricopa County departments, districts, and Trust members so they can reduce or eliminate losses. Its vision is to be recognized as a leader, and to be relied upon for a Countywide risk management philosophy and culture. Risk Management's primary activities are:

- Risk consulting
- Insurance procurement above self-insured retention levels
- Maricopa County Self-Insured Trust Fund management and financing
- Administration and monitoring of third party administrators' adjusting workers' compensation and unemployment claims
- Investigation and disposition of casualty and property claims and lawsuits
- Safety training, reporting, and compliance
- Loss control programs
- Environmental investigation, remediation, and reporting
- Contractual indemnification and insurance requirement language drafting and review

The Risk Management Department is divided into three operating divisions, Claims, Safety, and Environmental, and one Administration division. Highlights for each division are contained in this report. The Department strives to accomplish its mission with assistance and direction from the Maricopa County Board of Supervisors, the Maricopa County Self-Insured Trust Fund Board of Trustees, and the Office of the County Attorney. The Risk Manager reports to the Chief Financial Officer of Maricopa County.

## **Self-Insured Trust Fund**

Arizona law (ARS § 11-981) authorizes Maricopa County to self-insure, procure insurance from any insurer authorized by the State of Arizona Department of Insurance, or both. Insurance (defined in Title 20 Arizona Revised Statutes) includes, but is not limited to, auto liability, auto physical damage, general liability, medical malpractice, property, workers' compensation, and unemployment insurance.

Upon establishment of a self-insurance program, Maricopa County is required to designate a Trust Administrator (Risk Manager), and establish a Trust. The Trust is funded by an allocation of funds from General Fund and Non-General Fund departments and Special Districts, or such other funding techniques permitted by state statute and authorized by the Trust's Board of Trustees.

A Board of Trustees manages and directs the Trust's activities and affairs. Trustees must be United States citizens and residents of Maricopa County, and are appointed by the Maricopa County Board of Supervisors (BOS) and County Manager. During FY07-08, the following individuals were members of the Board of Trustees:

<u>Trustee District/Appointment</u>	<u>Trustee</u>
BOS District One	Michael Liburdi
BOS District Two	Joel Sterrett
BOS District Three	Vacant
BOS District Four	David Tierney, Chairman
BOS District Five	Richard "Joe" Lugo
BOS Chairman	BOS Chairman
County Manager	Tom Manos

## **FY07-08 Results**

Maricopa County enjoyed good results this fiscal year in the risk/exposure area. Total dollars paid plus open reserves were \$10,702,417, down 6.43% for this fiscal year compared to the prior fiscal year. The Cost of Risk also decreased slightly. Risk Management's costs decreased \$2,554,559 8.18%, resulting in the Cost of Risk (Risk Management's costs compared to total County and MIHS expenditures) coming in at a close to acceptable 1.12%. (Note that the number of claims filed this fiscal year decreased 15.37%, from 1,483 to 1,255. This claims figure represents the number of claims filed in the fiscal year. This figure is not based on event date, and does not include unemployment or workers compensation claims.) The County realized \$2,857,147 in net savings in FY07-08 through the use of in-network medical providers and a medical bill review service, and collected \$1,385,407 through subrogation, restitution, and deductible recovery efforts (the Claims and Environmental divisions, and our Third Party Administrator for Workers' Compensation).

Maricopa County has a population of over 3.9 million people. It is the 4th most populous County in the United States, larger in population than 21 states, and larger geographically than 7 states. The County has seen some significant growth rate in population, though this growth rate has receded somewhat in later part of the fiscal year due to the negative economical conditions nationwide. Size

and growth, while economically positive, can result in an increase in the number of claims. Risk Management's emphasis on responsible claim handling and a strong proactive loss prevention and safety program is designed to keep any increase to a minimum.

The number of Maricopa County and MIHS employees varies from month to month. For FY06-07 and FY07-08, the numbers of actual positions were 18,563 and 19,155, respectively. (Note that we are using "actual positions" not "actual budgeted positions" as we have used in the past.) Workers' compensation claims with an event date in FY06-07 were 1,420, while Workers' Compensation claims with an event date in FY07-08 were 1,380. (Note, here we use event dates for these claims as these figures better reflect safety issues within the fiscal year.) This reflects an increase in the number of actual positions of 3.09% over the previous fiscal year, and a decrease in the number of workers' compensation claims of 2.82% over this period. This highlights improvement with safety concerns in the County this fiscal year.

## Cost of Risk

Cost of Risk is a comparison of the County's expenditures of the risk management program to the County's overall expenditures in the fiscal year. The effectiveness of a risk management program can be reflected in this comparison since the cost of a risk management program includes paid claims (amounts paid in the fiscal year without regard to the year the claim arose), insurance premiums, safety and loss control programs, and operational and administrative expenses, against total County's expenditures. During the past three fiscal years, Cost of Risk for the County has decreased from 1.22% to the present 1.12%. This is a positive step toward Risk Management's commitment to reduce this measure to below 1%.

	FY05-06	FY06-07	FY07-08
<b>Claims and Premiums</b>			
Auto Liability	\$565,241	\$1,275,627	\$1,245,872
General Liability	\$3,808,717	\$4,072,737	\$3,168,264
Medical Malpractice	\$3,439,084	\$4,242,501	\$3,675,378
Property/Auto Physical Damage	\$508,957	\$1,169,794	\$608,084
Workers' Compensation	\$3,857,860	\$3,756,153	\$4,420,652
Unemployment	\$776,128	\$633,685	\$769,150
Premiums	\$4,370,784	\$4,308,288	\$4,069,441
<b>Subtotal</b>	<b>\$17,326,771</b>	<b>\$19,458,785</b>	<b>\$17,956,841</b>
<b>Other Costs</b>			
Legal Expenses	\$8,039,308	\$8,407,981	\$7,329,475
Actuary Fees		\$42,253	\$44,366
Broker Fees	\$93,488	\$145,000	\$54,575
Consulting and Management Fees	\$179,516	\$284,036	\$212,109
Claims Administration Service Fees	\$470,081	\$556,856	\$601,337
Workers' Compensation Taxes		\$526,586	\$404,940
Administrative	\$2,325,865	\$1,821,241	\$2,084,536
<b>Subtotal</b>	<b>\$11,108,258</b>	<b>\$11,783,953</b>	<b>\$10,731,338</b>
<b>Total Risk Management Costs</b>	<b>\$28,435,029</b>	<b>\$31,242,738</b>	<b>\$28,688,179</b>
<b>Total County Expenditures</b>	<b>\$2,322,075,397</b>	<b>\$2,529,353,568</b>	<b>\$2,557,866,240</b>
<b>TOTAL COST AS A PERCENTAGE OF COUNTY EXPENDITURES</b>	<b>1.22%</b>	<b>1.24%</b>	<b>1.12%</b>

- Notes:
1. Paid claims represents the amount paid in the fiscal year regardless of occurrence date and does not include Reported But Not Paid (RBNP) or Incurred But Not Reported (IBNR) reserves.
  2. Amounts as valued on June 30, 2008, as reported in the Advantage Financial System.
  3. Total County Expenditures includes Maricopa County Special Health Care District (d/b/a MIHS) as reported in the MIHS Audited Financial Statements on June 30, 2008.
  4. Actuary Fees and Workers' Compensation Taxes are listed separately starting FY06/07. In previous years, these were included in the Administrative line item.

## **Acknowledgment**

The Risk Management Department would like to thank the Maricopa County Board of Supervisors, Elected Officials, County Manager, Chief Financial Officer, Self-Insured Trust Fund Board of Trustees, County Attorney's Office, County departmental management, employees, and volunteers for their demonstrated interest in reducing claims and lawsuits, and their commitment to safety.

Respectfully submitted,

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Peter J. Crowley  
Risk Manager

Bill Warren, Assistant Risk Manager, Safety Division  
Milli Lee, Acting Safety Manager, Safety Division  
Ted Howard, Manager, Claims Division  
Samantha Wright-Sprague, Manager, Administration Division  
Rita Neill, Manager, Environmental Division  
Norma Vega, Administrative/Insurance Coordinator  
Michelle Black, Accountant  
Jenny Durda, Information Specialist  
and the entire Risk Management Staff

Notes: For presentation purposes only, the dollar amounts and associated percentages in all of the charts and tables presented herein, have been rounded to the nearest whole dollar or percent.





# CLAIMS DIVISION

## **CLAIMS DIVISION**

The Claims Division of Risk Management handles all property and liability claims filed against Maricopa County and its employees. The Division is staffed with five full time adjusters, a manager and support staff. In addition to handling the claims described above, the Division oversees the adjustment of workers' compensation and unemployment claims by third party administrators. These claims are handled by Pinnacle Risk and Talx Employer Services.

Claims are investigated and evaluated, then either paid or denied on their merits. Litigated claims are assigned to either the County Attorney's Office or outside counsel. This Division works with assigned attorneys to obtain the most favorable result possible for the County. We are committed to reducing the cost of risk to the County through proper claims management.

### **FY07-08 Summary**

The Claims Division handled 2,417 new worker's compensation, general liability, medical malpractice, automobile and property claims in FY07-08, a fairly substantial decrease over the previous fiscal year. This is the second consecutive fiscal year decrease in new claims. The County had otherwise experienced a significant upward trend annually.

Due to the efforts of the Claims Division, the County continues to realize substantial savings from its property and liability exposures. The Division is committed to work to further improve in these areas and help reduce the cost of risk to the taxpayers of Maricopa County.

In addition to handling claims, the Division provides the following services to the County:

- Subrogation, restitution, and deductible recovery. In FY07-08, the Division collected \$791,893 from parties at fault for damage to County personnel and/or property.
- Consultation services. We report to and consult with County departments on coverage issues, pending claims, and litigation. This is done as both an informational tool and as a means to find ways to reduce claims or exposures.
- Review and management of the third party administrator providing adjustment of workers' compensation claims for County employees. For FY07-08, 1,380 worker's compensation claims were filed by County employees. In addition to adjustment of these claims, Pinnacle Risk Management Services and its affiliated vendors conduct bill reviews, and employ discounts available to the County for participation in a PPO network. As a result, the County has realized significant savings in its worker's compensation exposure. The most recent data available indicates that the County paid \$124 per employee in compensation benefits for FY05-06, far less than other Counties comparable by size of workforce. Further, the County realized a net savings of \$2,857,147 in medical expense as a result of bill review and \$593,514 through subrogation, restitution, and deductible recovery efforts.
- Review of indemnity and insurance language in County contracts.
- Oversight of outside contractors providing automobile and property appraisal services, vehicle repair services, and structured settlement services to the County.
- Coordinate recovery for County agencies from our excess property and liability insurance policies.



# SAFETY DIVISION

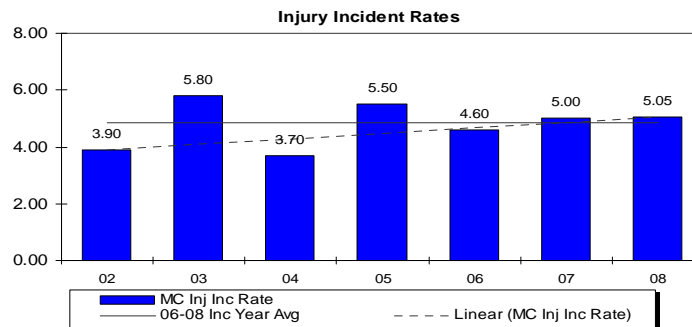
SAFETY  
DIVISION

## SAFETY DIVISION

The primary objective of the Maricopa County Safety & Loss Control Program is to protect the County against losses which would significantly affect our personnel, operation, property, budget and ability to fulfill our responsibilities to the public. Objectives of the Safety Division's programs are, on behalf of management, to direct all efforts toward reducing occupational and operational risks that can threaten the continuity of the service we provide and to maintain budget integrity. These objectives can be accomplished by:

1. Full management support of our safety policies
2. Maintaining an effective, comprehensive safety program
3. Identifying potential risks and hazard awareness
4. Training employees in safe work practices

In reviewing departmental safety performance, workers compensation data this fiscal year, claims showed a decrease of 3 percent over last year (1,420 claims in FY06-07, and 1,380 claims in FY07-08, see page VI-9 of the statistics and coverage section). The numbers of claims decreased and were less severe. Workers' Compensation payments and reserves (see page VI-1 of the statistics and coverage section) were decreased from \$4,068,530 in FY06-07 to \$3,385,371 in FY07-08, a \$683,159 or 17 percent reduction in cost.



Working to improve workplace safety and ensure OSHA compliance, the Division:

- Trained six County employees to operate the new computerized Caterpillar M Motor Grader, the most technological advanced machine in the last 40 years
- Partnered with MCSO Bomb Squad to develop the new bomb squad training area
- Attended the world-wide CON Expo for the latest in equipment, product innovations and technological advances for the construction industry
- Completed a new 5 year Educational Services Agreement with Gateway Community College
- Conducted a County-wide three-day Employee Safety Fair and Equipment ROADDO, with more than 500 employees participating in 93 Safety Classes along with events testing operator skills and knowledge of equipment operations

Safety is a corporate effort! As Maricopa County continues to develop its future strategies in safety management systems, it is necessary that each level of management take a proactive role in safety development. Management commitment and front line supervision accountability is the key to sustaining the safety process and reducing unsafe work practices.



# ENVIRONMENTAL DIVISION

ENVIRONMENTAL  
DIVISION

## ENVIRONMENTAL DIVISION

The Environmental Division of Risk Management conducts remedial investigations and takes action to minimize County environmental liability as determined by law, regulation, statute, and/or court order. The Division provides leadership in the area of pollution prevention and environmental management, and has developed a proactive assessment and action process that mitigates environmental liabilities, saving the County in the cost of remedial action and regulatory penalties. Possible environmental liability costs of known sites have been reduced from previous estimates of over \$500 million for FY95-96, to approximately \$6 million for FY07-08.

This fiscal year the Division:

- Completed Phase I, II and III pre-purchase environmental evaluations for former Phoenix Newspaper, Inc. properties in Mesa.
- Completed drinking water potability certifications for 5 County facilities which use water from on-site wells.
- New monitoring well installed at the New Cave Creek Landfill. Continued groundwater monitoring and completed site characterization field work.
- Continued preparation of new Stormwater Pollution Prevention Plans (SPPPs) for 15 County properties. New Spill Prevention Containment and Countermeasure Plans for 7 County sites completed and site specific training conducted.
- Completed Phase I and II environmental assessments for 5 facilities. Completed assessments for indoor air quality (20), asbestos and lead paint (11) and mold (7) at additional facilities.
- Assisted Parks and Recreation, Facilities Management, Superior Courts, Real Estate, MCSO, MCDOT, Juvenile Probation, Flood Control, Legal Defender, Environmental Services, Animal Control, MCAO, Assessor, Agricultural Exchange, WIC, Solid Waste and Air Quality in preparing Requests for Proposals for environmental studies, and conducting indoor air quality review, asbestos and lead paint surveys, and air permit reviews.
- Participated in Hassayampa Superfund Steering Committee.
- Continued environmental monitoring of a former County landfill. Replaced damaged landfill gas monitoring at the site. Drainage options for site considered.
- Worked with APS to allow continued access to County property to conduct USEPA mandated sampling to characterize contamination from APS facility.
- Continued to provide sound environmental compliance information to requesting departments.

The Division recognizes that environmental risks are capable of being managed through risk control and prevention measures. These measures include separation of hazardous materials, effective pollution prevention and loss control techniques, redundant controls and safety mechanisms, double and triple containment of tanks and flow tubes, emergency response plans, and effective training of employees. The Division will continue to seek to implement these measures.



# ADMINISTRATIVE DIVISION

## ADMINISTRATIVE DIVISION

The Administrative Division is responsible for procuring the insurance policies above the County's self-insured retention, providing certificates of insurance to County departments, preparing the annual user charges for services, preparing the annual budget and financial statements for the Trust, and providing administrative support to the other divisions within the department. Included in this report is a comparison of the assets and liabilities of the Trust over a three-year period, the trend of the current insurance market, a budget summary, and the financial statements through fiscal year ended June 30, 2008.

### Self-Insured Trust Fund Combined Balance Sheet Comparison FY05-06, FY06-07, and FY07-08

	<u>FY05-06</u>	<u>FY06-07</u>	<u>FY07-08</u>
Assets	\$36,624,674	\$33,194,501	\$44,847,793
Liabilities	\$57,458,078	\$59,207,749	\$59,277,021
Net assets (deficit)	(\$20,833,404)	(\$26,013,248)	(\$14,429,228)

During the FY05-06 through FY07-08 period, the Trust's assets increased \$8,223,119, or 22.45%, from \$36,624,674 to \$44,847,793. During the same period, the Trust's liabilities increased \$1,818,943, or 3.17%, from \$57,458,078 to \$59,277,021. Net assets (deficits) are a result of a spend down of the self-insured trust fund in a prior period, where user departments were only charged for administrative costs while claims and insurance were still being paid by Risk Management on behalf of these user departments. FY07-08 balance sheet details are provided in the financial section. The Trust began billing user departments for the full costs of claims and insurance in FY99-00.

### Insurance Policies

Risk Management continues to analyze current insurance market trends. It is expected that insurance premiums in all lines of coverage will increase somewhat, but the "hard" market of the last few years may be abating. It is projected that potential increases in annual premium costs will not be as great as in the past years. Risk Management will continue working closely with our insurance broker to aggressively pursue reasonable insurance coverages to protect Maricopa County.

At the close of this fiscal year, the County's major insurance policies are as follows:

<u>Coverage</u>	<u>Policy Period</u>	<u>Limits</u>	<u>Deductible/SIR</u>
General Liability (Excess Liability)	3/1/08 – 3/1/09	\$5 million \$25 million	\$5 million SIR
Medical Malpractice	12/4/07 – 12/4/08	\$25 million	\$5 million SIR
Workers' Compensation	7/1/07 – 7/1/08	\$25 million	\$2 million SIR



Property Damage	7/1/07 – 7/1/08	\$300 million	\$100,000 per occ.
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### **Budget Summary**

The expenditure budget for the Risk Management Department for FY07-08 was \$35,886,328. Of this amount, \$1,758,004 was for personnel costs, \$492,471 was for supplies and services, and \$33,635,853 was for insurance, legal, and claims and claims related expenditures. On a percentage basis, 93.73% of Risk Management's budget is for insurance, legal, and claims and claim related expenditures.

The revenue budget for the Risk Management Department for FY07-08 was \$39,272,014. Of this amount, \$38,272,014 was from user charges and \$1,000,000 was from interest earnings. On a percentage basis, 97.45% of the revenue is from user charges. These user charges are based on actuarially estimated claims payments and insurance projections for what the Risk Management Department will pay out on behalf of County departments.

### **Financial Statements**

The actual expenditures for the Risk Management Department for FY07-08 were \$29,039,909. Of this amount, \$1,727,685 was for personnel costs, \$323,901 was for supplies and services, and \$26,988,323 was for insurance, legal, and claims and claims related expenditures. On a percentage basis, 92.94% of Risk Management's actual expenditures are for insurance, legal, and claims and claims related expenditures.

The actual revenue for the Risk Management Department for FY07-08 was \$40,623,929. Of this amount, \$38,272,014 was from user charges, \$557,129 was from other income, and \$1,794,786 was from interest earnings. On a percentage basis, 94.21% of the revenue was from user charges.

Notes: 1. The financial statements presented in this section have been audited and are included in the Maricopa County Comprehensive Annual Financial Report (CAFR) and the Risk Management and Employee Benefits Trust Report on Audit of Financial Statements for FY07-08. The auditors have not reviewed and are not providing an opinion as to the information disclosed in the annual report with the exception of the audited financial statements.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Statements of Net Assets—Internal Service Funds**  
**June 30, 2008**

	<u><b>Risk Management</b></u>	<u><b>Employee Benefits</b></u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents-		
Risk management	\$ 43,085,804	
Employee benefits		\$ 52,151,574
Interest receivable	256,280	310,800
Accounts receivable		2,155,995
Prepaid insurance	1,482,692	115,270
Total current assets	<u>44,824,776</u>	<u>54,733,639</u>
Noncurrent assets:		
Capital assets	108,666	63,407
Less: accumulated depreciation	85,649	53,746
Total noncurrent assets	<u>23,017</u>	<u>9,661</u>
<b>Total assets</b>	<u>44,847,793</u>	<u>54,743,300</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	1,079,364	4,804,943
Employee compensation payable	125,563	182,179
RBUC and IBNR claims	24,568,575	10,546,651
Total current liabilities	<u>25,773,502</u>	<u>15,533,773</u>
Noncurrent liabilities:		
RBUC and IBNR claims	33,503,519	
Total noncurrent liabilities	<u>33,503,519</u>	
<b>Total liabilities</b>	<u>59,277,021</u>	<u>15,533,773</u>
<b>Net Assets</b>		
Invested in capital assets	23,017	9,661
Unrestricted (deficit)	(14,452,245)	39,199,866
<b>Total net assets (deficit)</b>	<u>\$ (14,429,228)</u>	<u>\$ 39,209,527</u>

The accompanying notes are an integral part of the financial statements.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Statements of Revenues, Expenses, and**  
**Changes in Fund Net Assets—Internal Service Funds**  
**Year Ended June 30, 2008**

	<b>Risk Management</b>	<b>Employee Benefits</b>
<b>Operating revenues:</b>		
Charges for services	\$ 38,272,014	
County and employee premiums		\$ 122,704,164
Other income	557,129	101,675
<b>Total operating revenues</b>	<b>38,829,143</b>	<b>122,805,839</b>
<b>Operating expenses:</b>		
Personal services	1,727,685	2,051,888
Supplies and services	323,901	84,483
Accounting and auditing fees	32,950	
Actuary fees	44,366	72,266
Consulting and management fees	212,109	
Brokers' fees	54,575	
Claims administration service fees	601,337	7,452,035
Legal expenses	7,329,475	
Workers' compensation taxes	404,940	
Claims and insurance:		
Auto liability claims paid	1,245,872	
Auto liability RBUC and IBNR claims decrease in estimate	(611,320)	
Total auto liability	<u>634,552</u>	
General liability claims paid	3,168,264	
General liability RBUC and IBNR claims increase in estimate	176,003	
Total general liability	<u>3,344,267</u>	
Workers' compensation claims paid	4,420,652	
Workers' compensation RBUC and IBNR claims increase in estimate	936,836	
Total workers' compensation	<u>5,357,488</u>	
Medical malpractice claims paid	3,675,378	
Medical malpractice RBUC and IBNR claims decrease in estimate	(218,492)	
Total medical malpractice	<u>3,456,886</u>	
Auto physical damage claims paid	396,496	
Auto physical damage RBUC decrease in estimate	(31,716)	
Total auto physical damage	<u>364,780</u>	
Property claims paid	211,588	
Property claims RBUC increase in estimate	90,764	
Total property	<u>302,352</u>	
Medical claims paid		68,650,914
Medical IBNR claims increase in estimate		7,956,999
Total medical		<u>76,607,914</u>
Pharmacy claims paid		12,817,563
Pharmacy IBNR claims increase in estimate		218,459
Total pharmacy		<u>13,036,022</u>

The accompanying notes are an integral part of the financial statements.

(Continued)

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Statements of Revenues, Expenses, and**  
**Changes in Fund Net Assets—Internal Service Funds**  
**Year Ended June 30, 2008**  
**(Continued)**

	<b>Risk Management</b>	<b>Employee Benefits</b>
Short-term disability claims paid		1,641,587
Short-term disability IBNR claims increase in estimate		223,527
Total short-term disability		1,865,114
Dental claims paid		2,263,319
Dental IBNR claims decrease in estimate		(31,000)
Total dental		2,232,319
Behavioral health claims paid		899,922
Behavioral health IBNR claims increase in estimate		149,777
Total behavioral health		1,049,699
Vision claims paid		1,176,009
Vision IBNR claims decrease in estimate		(33,466)
Total vision		1,142,543
Incentives paid		3,202
Wellness claims/incentives paid		89,981
Unemployment claims	769,150	
General liability insurance premiums	1,163,376	
Workers' compensation insurance premiums	396,412	
Crime insurance premiums	29,891	
Property insurance premiums	853,239	
Malpractice insurance premiums	1,626,523	
Dental premiums paid		5,662,667
Life insurance premiums paid		4,715,987
Flexible spending accounts claims paid		2,353,201
Cigna for seniors claims paid		598,553
Other benefit premiums paid		229,721
Employee assistance program		187,220
Depreciation	9,655	4,586
<b>Total operating expenses</b>	29,039,909	119,439,401
<b>Operating income</b>	9,789,234	3,366,438
<b>Nonoperating revenues:</b>		
Investment income	1,794,786	2,587,109
<b>Total nonoperating revenues</b>	1,794,786	2,587,109
<b>Income before transfers</b>	11,584,020	5,953,547
Capital contribution		14,247
Transfer to other County funds		(3,000,000)
<b>Net transfers</b>		(2,985,753)
<b>Increase in net assets</b>	11,584,020	2,967,794
<b>Total net assets (deficit), July 1, 2007</b>	(26,013,248)	36,241,733
<b>Total net assets (deficit), June 30, 2008</b>	\$ (14,429,228)	\$ 39,209,527

The accompanying notes are an integral part of the financial statements.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Statements of Cash Flows—Internal Service Funds**  
**Year Ended June 30, 2008**

	<b>Risk Management</b>	<b>Employee Benefits</b>
<b>Cash flows from operating activities:</b>		
Receipts from employees and other funds	\$ 38,272,014	\$121,684,820
Other receipts	557,129	101,675
Payments for fees, supplies, and services	(9,256,363)	(7,608,784)
Payments for insurance claims	(13,887,400)	(90,310,287)
Payments for insurance premiums	(3,934,830)	(13,624,405)
Payments to employees	(1,747,777)	(2,015,603)
Net cash provided by operating activities	<u>10,002,773</u>	<u>8,227,416</u>
<b>Cash flows from non-capital financing:</b>		
Interest payments	(51,951)	(37,468)
Transfers from (to) other funds		(3,000,000)
Net cash used for non-capital financing activities	<u>(51,951)</u>	<u>(3,037,468)</u>
<b>Cash flows from capital and related activities:</b>		
Purchase of capital assets	<u>(21,715)</u>	
<b>Cash flows from investing activities:</b>		
Interest received on investments	<u>1,794,786</u>	<u>2,587,109</u>
Net increase in cash and cash equivalents	11,723,893	7,777,057
Cash and cash equivalents, July 1, 2007	<u>31,361,911</u>	<u>44,374,517</u>
Cash and cash equivalents, June 30, 2008	<u><u>\$ 43,085,804</u></u>	<u><u>\$ 52,151,574</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 9,789,234	\$ 3,366,438
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	9,655	4,586
Net change in RBUC and IBNR claims, noncurrent portion	2,851,538	
Changes in assets and liabilities:		
Increase in:		
Accounts receivable		(1,019,344)
Employee compensation payable		36,285
RBUC and IBNR claims, current portion		8,340,583
Decrease in:		
Prepaid insurance	134,612	122,944
Accounts payable	(251,581)	(2,624,076)
Employee compensation payable	(20,092)	
Use tax	(1,130)	
RBUC and IBNR claims, current portion	(2,509,463)	
Net cash provided by operating activities	<u><u>\$ 10,002,773</u></u>	<u><u>\$ 8,227,416</u></u>
<b>Noncash investing, capital, and noncapital financing activities:</b>		
Capital contributions		(\$14,247)
Capital assets transferred from governmental activities		63,407
Accumulated depreciation transferred from governmental activities		(49,160)

The accompanying notes are an integral part of the financial statements.

**MARICOPA COUNTY**  
**RISK MANAGEMENT TRUST FUND**  
**Statements of Revenues, Expenses, and**  
**Changes in Fund Net Assets—Internal Service Fund**  
**Budget and Actual**  
**Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Operating revenues:</b>			
Charges for services	\$ -	\$ 7,851,314	\$ 7,851,314
Intergovernmental charges	8,339,342	488,032	(7,851,310)
Internal service charges	29,932,672	29,932,668	(4)
Other income		557,129	557,129
<b>Total operating revenues</b>	<u>38,272,014</u>	<u>38,829,143</u>	<u>557,129</u>
<b>Operating expenses:</b>			
Personal services	1,758,004	1,727,685	(30,319)
Supplies and services	492,471	323,901	(168,570)
Accounting and auditing fees	13,000	32,950	19,950
Actuary fees	50,500	44,366	(6,134)
Consulting and management fees	250,000	212,109	(37,891)
Brokers' fees	126,460	54,575	(71,885)
Claims administration service fees	475,774	601,337	125,563
Legal expenses	8,422,725	7,329,475	(1,093,250)
Workers' compensation taxes	650,000	404,940	(245,060)
Total auto liability	659,032	634,552	(24,480)
Total general liability	8,943,147	3,344,267	(5,598,880)
Total workers' compensation	5,198,317	5,357,488	159,171
Total medical malpractice	2,015,252	3,456,886	1,441,634
Total auto physical damage	672,992	364,780	(308,212)
Total property	416,651	302,352	(114,299)
Unemployment claims	800,000	769,150	(30,850)
General liability insurance premiums	1,590,000	1,163,376	(426,624)
Workers' compensation insurance premiums	552,000	396,412	(155,588)
Crime insurance premiums	31,000	29,891	(1,109)
Property insurance premiums	980,000	853,239	(126,761)
Malpractice insurance premiums	1,789,000	1,626,523	(162,477)
Depreciation		9,655	9,655
<b>Total operating expenses</b>	<u>35,886,328</u>	<u>29,039,909</u>	<u>(6,846,416)</u>
<b>Operating income</b>		9,789,234	
<b>Nonoperating revenues:</b>			
Investment income	1,000,000	1,794,786	794,786
<b>Total nonoperating revenues</b>	<u>1,000,000</u>	<u>1,794,786</u>	<u>794,786</u>
<b>Increase in net assets</b>		11,584,020	
<b>Total net deficit, July 1, 2007</b>		<u>(26,013,248)</u>	
<b>Total net deficit, June 30, 2008</b>		<u>\$ (14,429,228)</u>	

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Notes to Financial Statements**  
**June 30, 2008**

**NOTE 1 - Organization and Summary of Significant Accounting Policies**

Maricopa County, Arizona (the County), in the exercise of the authority granted by Arizona Revised Statutes (A.R.S.) §11-981, has established a trust fund and declares itself self-insured. For financial statement presentation purposes, the Self-insured Trust Fund is reported as Risk Management and Employee Benefits Trust Funds (Funds) and all monies held in these Funds are considered unrestricted. The Funds' financial statements are prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). The accompanying financial statements are those of the funds and do not represent the financials statements of the County. The Maricopa County, Arizona *Comprehensive Annual Financial Report* as of and for the year ended June 30, 2008, will report the Funds as governmental activities on the government-wide financial statements since they predominantly service the County's governmental funds. A summary of the Funds' significant accounting policies follows.

**A. Reporting Entity**

The Funds are accounted for as internal service funds of Maricopa County, Arizona, under the direction of an administrator appointed by the County Board of Supervisors. In addition, the Funds are administered by no less than six joint trustees, all of whom shall be citizens of the United States of America and residents of Maricopa County. The County Board of Supervisors also appoints the trustees. However, the ultimate financial accountability for the Funds remains with the County. The County is responsible for the management and operations of the financing of the uninsured risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and for certain health benefits (pharmacy, medical, dental, short-term disability, medical incentives, and wellness incentives) to eligible employees and their dependents.

**B. Fund Accounting**

The Funds' accounts are maintained in accordance with the principles of fund accounting to ensure that limitations and restrictions on the Funds' available resources are observed. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with the activities or objectives specified for those resources. Each fund is considered a separate accounting entity, and its operations are accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, net assets, revenues, and expenses.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
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The Funds' financial transactions are recorded and reported as internal service funds since their operations are financed and operated in a manner similar to private business enterprises. The intent of the County Board of Supervisors is that the costs (expenses, including depreciation) of providing goods or services to other departments within the County on a continuing basis be financed or recovered primarily through user charges.

**C. Basis of Presentation and Accounting**

The financial statements include statements of net assets; statements of revenues, expenses, and changes in fund net assets; and statements of cash flows.

The statements of net assets provide information about the assets, liabilities, and net assets of the Funds at the end of the year. Assets and liabilities are classified as either current or noncurrent. Net assets are classified according to the availability of assets to satisfy the Funds' obligations. Invested in capital assets represents the value of capital assets, net of accumulated depreciation. Unrestricted net assets represent the balance of monies held in the Funds.

The statements of revenues, expenses, and changes in fund net assets provide information about the Funds' financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net assets are reported. Generally, charges for services and premiums are considered to be operating revenues. Other revenues such as investment income are not generated from operations and are considered to be nonoperating revenues. The cost of services, administrative expenses, and depreciation on capital assets are considered to be operating expenses.

The statements of cash flows provide information about the Funds' sources and uses of cash and cash equivalents during the year. Increases and decreases in cash and cash equivalents are classified as either operating, noncapital financing, capital and related financing, or investing.

Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied, and determines when revenues and expenses are recognized in the accounts and reported in the financial statements. The financial statements of the Funds are presented on the accrual basis of accounting using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.



**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Notes to Financial Statements**  
**June 30, 2008**

The Funds apply applicable Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The Funds have chosen the option not to follow FASB Statements and Interpretations issued after November 30, 1989.

**D. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**E. Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Funds consider cash on hand, demand deposits, cash on deposit with the County Treasurer, and highly liquid investments with a maturity of 3 months or less when purchased to be cash equivalents.

**F. Capital Assets**

Equipment is initially recorded at cost. Depreciation of equipment is charged as an expense against operations. These assets are depreciated over their estimated useful lives using the straight-line method. The estimated useful lives of equipment range from 3 to 10 years.

**G. Liability for Unpaid Claims**

The Trust establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other socioeconomic factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Notes to Financial Statements**  
**June 30, 2008**

is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

**H. Employee Compensation Payable**

Compensated absences consist of vacation leave and a calculated amount of sick leave earned by employees based on services already rendered. Employees may accumulate up to 240 hours of vacation leave, but any vacation hours in excess of the maximum amount that are unused at calendar year-end convert to sick leave. Upon termination of employment, all unused vacation benefits are paid to employees. Accordingly, vacation benefits are accrued as a liability in the financial statements.

Employees may accumulate an unlimited number of sick leave hours. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but are forfeited upon termination of employment. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements. However, upon retirement, County employees with accumulated sick leave in excess of 1,000 hours are entitled to a \$10,000 nontaxable investment in a Post Employment Health Plan established pursuant to Internal Revenue Code §501(c)(9). The obligations vested at June 30, 2008, under this policy are accrued as a liability.

Compensated absences are substantially paid within one year from fiscal year-end and, therefore, are reported as a current liability.

**I. Income Tax**

The Trust Funds are a component unit of Maricopa County, Arizona, a governmental agency, and are exempt from federal and state income taxes.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Notes to Financial Statements**  
**June 30, 2008**

**NOTE 2 - Deposits and Investments**

Arizona Revised Statutes (A.R.S.) authorize the Funds to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds; interest earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; and specified commercial paper, bonds, debentures, and notes issued by corporations organized and doing business in the United States. In addition, the County Treasurer may invest trust funds in fixed income securities of corporations doing business in the United States or District of Columbia.

**Credit risk**

Statutes have the following requirements for credit risk:

1. Commercial paper must be rated P1 by Moody's investors service or A1 or better by Standard and Poor's rating service.
2. Corporate bonds, debentures, and notes must be rated A or better by Moody's investors service or Standard and Poor's rating service.
3. Fixed income securities must carry one of the two highest ratings by Moody's investors service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

**Custodial credit risk**

Statutes require collateral for demand deposits, certificates of deposit, and repurchase agreements at 101 percent of all deposits not covered by federal depository insurance.

**Interest rate risk**

Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years and that public operating fund monies invested in securities and deposits have a maximum maturity of 3 years. Investments in repurchase agreements must have a maximum maturity of 180 days.

**Deposits**—At June 30, 2008, the carrying amount of the Funds' deposits was \$739,891, and the bank balance was \$739,921. The Funds follow the County's policies requiring collateralization of all deposits by at least 101% of the deposits not covered by depository insurance. At a minimum, the collateral is to be held by the pledging financial institution or its agent, but does not have to be held in the County's name.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
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**Investments**—The Funds’ investments at June 30, 2008, consisted of monies invested in the Maricopa County Treasurer’s Investment Pool. The Funds’ investments in the pool represent a portion of the County Treasurer’s pool portfolio. There is no oversight provided for the County Treasurer’s investment pool, and the pool’s structure does not provide for shares. The Funds’ portion in the pool is not identified with specific investments.

**Credit Risk**—The Funds follow the County’s policy to preserve the principal value and the interest income of an investment. The County can invest in obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, or instrumentalities. The County can also invest in commercial paper and corporate bonds with ratings that meet the statutory requirements specified above. At June 30, 2008, the Funds’ investments consisted of monies invested in the Maricopa County Treasurer’s Investment Pool which is unrated.

**Interest rate risk**—It is the County’s policy to hold investments to maturity, where practical, and avoid any loss on investments resulting from an early sale or retirement of an investment. Additionally, securities should be invested for a shorter duration, where applicable. At June 30, 2008, the Funds had investments of \$94,497,187 in the Maricopa County Treasurer’s Investment Pool with a weighted average maturity of 537 days, of which 35% (in excess of \$1 billion) of pooled investments have maturities of 90 days or less. The County invests the pooled investments primarily in U.S. government agency securities.

A reconciliation of cash, deposits, and investments to amounts shown on the Statements of Net Assets follows:

Cash, deposits, and investments:	
Cash on hand	\$ 300
Amount of deposits	739,891
County Treasurer’s Investment Pool	<u>94,497,187</u>
Total	<u>\$95,237,378</u>

**NOTE 3 - Liabilities for Unpaid Claims**

The Funds provide for claims liabilities based on estimates of the ultimate cost of claims, including future claims adjustment expenses, that have been reported but unpaid (RBUC), and of claims that have been incurred but not reported (IBNR).

The County is liable for any single claim up to the insurance deductible or self-insurance retention (SIR), whichever is applicable, and the excess over insurance limits.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Notes to Financial Statements**  
**June 30, 2008**

The following insurance deductibles, self-insurance retentions (SIR), and insurance limits were in effect during fiscal year 2007-08:

<u><b>Policy Type</b></u>	<u><b>Deductible</b></u>	<u><b>SIR</b></u>	<u><b>Limit</b></u>
General and auto liability, and public officials' E&O		\$ 5,000,000	\$ 5,000,000
Excess liability			25,000,000
Property/inland marine	\$ 100,000		300,000,000
Boiler and machinery	100,000		50,000,000
Earth movement	100,000		50,000,000
Flood and water damage; low hazard	500,000		50,000,000
Flood and water damage; moderate hazard	500,000		35,000,000
Flood and water damage; high hazard	500,000		15,000,000
Difference in conditions low hazard		50,000,000	5,000,000
Difference in conditions moderate hazard		25,000,000	5,000,000
Difference in conditions high hazard		15,000,000	5,000,000
Difference in conditions low hazard		55,000,000	5,000,000
Difference in conditions moderate hazard		30,000,000	5,000,000
Difference in conditions high hazard		20,000,000	5,000,000
Employee dishonesty	100,000		10,000,000
Faithful performance of duty	100,000		1,000,000
Theft, disappearance and destruction	10,000		1,000,000
Robbery and safe burglary	10,000		1,000,000
Computer and wire transfer fraud	100,000		10,000,000
Workers' compensation		2,000,000	25,000,000
Employer's liability			2,000,000
Excess medical malpractice		5,000,000	25,000,000

Settled claims have not exceeded the above commercial insurance coverage limits over the past 3 years.

**Risk Management Trust Fund**

Liabilities for unpaid claims are estimates of the ultimate cost of claims that include the insurance deductible, the SIR, and the excess over insurance limits. The estimates are determined by an independent actuary using the following actuarial methods: reported loss development, paid loss development, Bornhuetter-Ferguson reported loss and paid loss, frequency times severity, expected loss, incremental paid-workers' compensation, paid

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
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allocated loss adjustment expense to paid loss development-automobile liability, and tail liability for medical malpractice. Total liabilities are equal to the sum of:

1. Reported but unpaid claims (RUC), which represent the estimated liability on reported claims established by the Risk Management department and
2. Incurred but not reported (IBNR) reserves, which include known loss events that are expected to become claims and expected future development on claims already reported. Therefore, IBNR is largely an estimate of loss and claim adjustment expenses associated with future likely claims activity based on historical actual results that establish a reliable pattern.

Accrued actuarial liabilities are based on a discounted 55 percent confidence level assuming a 4.0 percent annual rate of return on investments.

The total liabilities reported at June 30, 2008, categorized by insurable area follow:

	<b><u>Total Liabilities</u></b>
Auto liability	\$ 1,528,702
General liability	32,356,132
Workers' compensation	10,643,934
Medical malpractice	12,875,708
Auto physical damage	258,259
Property	409,359
Total	<u>\$58,072,094</u>

The total estimates of unpaid claim liabilities of \$58,072,094 at June 30, 2008, increased by \$342,075 from last year's balance of \$57,730,019. The areas that increased were general liability and workers' compensation.

Changes in the liabilities for unpaid auto, general, workers' compensation, medical malpractice, auto physical damage, and property claims follow:

	<b><u>Balance</u></b>	<b><u>Current-Year</u></b>	<b><u>Claims</u></b>	<b><u>Balance</u></b>
	<b><u>July 1</u></b>	<b><u>Changes in</u></b>	<b><u>Payments</u></b>	<b><u>June 30</u></b>
		<b><u>Estimates</u></b>		
2005-06	\$50,490,551	\$17,605,701	\$(12,179,859)	\$55,916,393
2006-07	55,916,393	16,330,438	(14,516,812)	57,730,019
2007-08	57,730,019	13,460,325	(13,118,250)	58,072,094

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Notes to Financial Statements**  
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Of these liabilities, \$24,568,575 were actuarially estimated to be payable within the next 12 months.

**Employee Benefits Trust Fund**

The liability for pharmacy (Coinsurance Plan), medical, dental, and short-term disability claims as shown below is based on the fiscal year 2007-08 actuarial reports. The Consumer Choice Plan portion of the liability for pharmacy is based on the unused portion of the members' pharmacy accounts administered by Walgreens Health Initiatives.

Accrued claims liabilities at June 30, 2008, for each insurable area follow:

Medical	\$7,957,000
Pharmacy	1,545,000
Dental	247,000
Short-term disability	357,000
Vision	100,000
Behavioral Health	259,000
HealthSelect	81,651
Total	<u>\$10,546,651</u>

Changes in the liabilities for unpaid pharmacy, medical, dental, and short-term disability claims follow:

	<b>Balance</b>	<b>Current-Year</b>			<b>Balance</b>
	<b>July 1</b>	<b>Claims and</b>	<b>Claims</b>	<b>Other</b>	<b>June 30</b>
		<b>Changes in</b>	<b>Payments</b>	<b>Payments</b>	
		<b>Estimates</b>			
2005-06	\$4,080,935	\$25,846,873	\$(27,155,823)	\$ -	\$ 2,771,985
2006-07	2,771,985	16,022,997	(16,588,914)	-	2,206,068
2007-08	2,206,068	95,933,611	(87,449,314)	(143,714)	10,546,651

It is estimated that the June 30, 2008, liabilities balance of \$10,546,651 will be paid within the next 12 months.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Notes to Financial Statements**  
**June 30, 2008**

**NOTE 4 - Net Assets Deficit**

The County Board of Supervisors elected not to fund the Risk Management Trust Fund's unpaid claims in fiscal years 1995-96 through 1998-99. Consequently, the Risk Management Trust Fund only billed user departments for operating costs and administrative expenses for those years. This resulted in a total net assets deficit of \$23,321,519 at June 30, 1999. Starting July 1, 1999, the Risk Management Trust Fund implemented a funding plan that calls for the fiscal year ending cash balance to equal the next year's estimated claims and claims related expenses. As of June 30, 2008, the total net assets deficit was \$14,429,228. This is primarily due to the Risk Management Trust Fund not being funded for noncurrent accrued claim liabilities which are not considered when determining funding for each fiscal year.

**NOTE 5 - Letter of Credit**

On July 1, 2007, the County renewed its workers' compensation insurance with a self-insured retention of \$2,000,000 for the policy period July 1, 2007 through June 30, 2008. As a result, the Industrial Commission of Arizona required the County to secure an irrevocable letter of credit in the amount of \$5.9 million with a financial institution to cover unfunded workers' compensation claims for that policy period. During fiscal year 2007-08, the letter of credit had not been drawn upon. The letter of credit was renewed on July 1, 2008 to June 30, 2009 for \$4.2 million.

**NOTE 6 - Retirement Plan**

**Plan Description**—The Risk Management Trust Fund contributes to a cost-sharing multiple-employer defined benefit pension plan administered by the Arizona State Retirement System (ASRS). Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The System is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The System issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the ASRS, 3300 North Central Avenue, P.O. Box 33910, Phoenix, AZ 85067-3910 or by calling (602) 240-2000 or (800) 621-3778.

**Funding Policy**—The Arizona State Legislature establishes and may amend active plan members' and the Risk Management Trust Fund's contribution rates. For the year ended



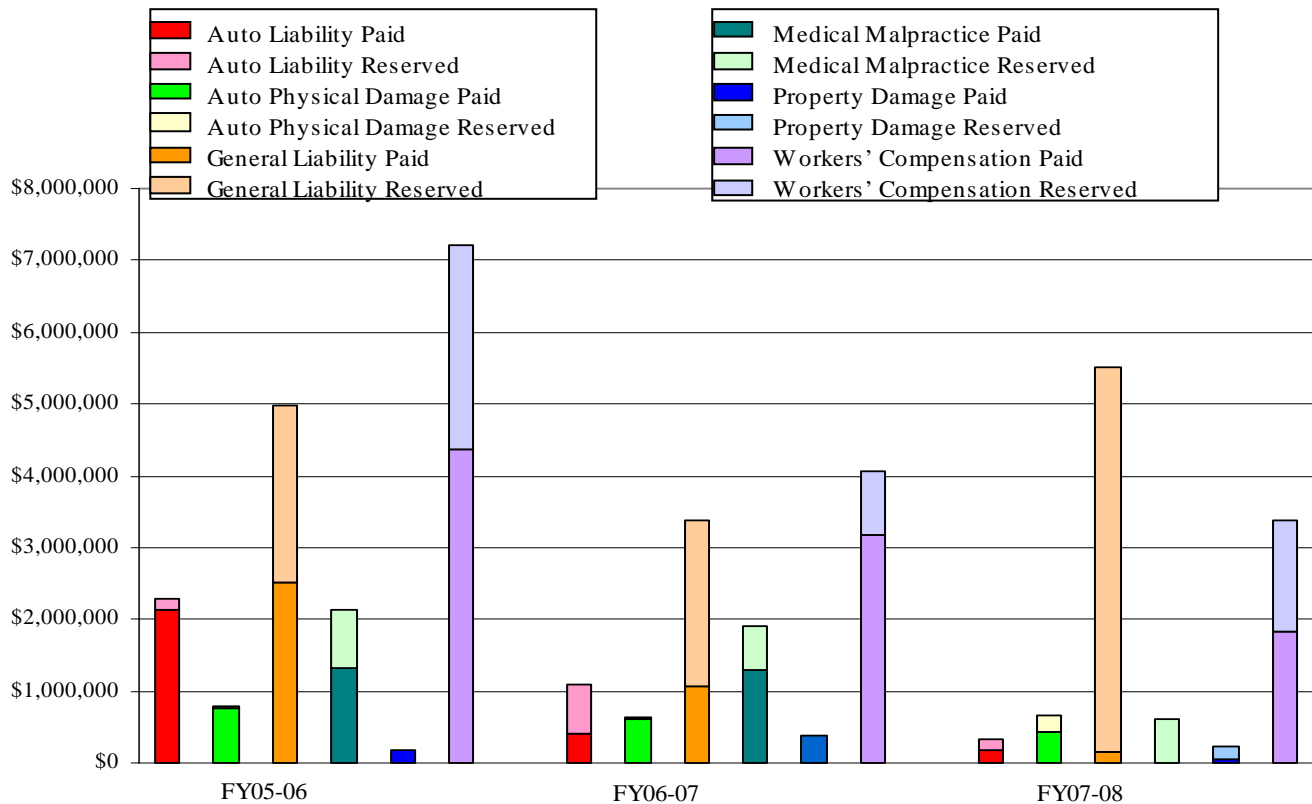
**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
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June 30, 2008, active plan members and the Risk Management Trust Fund were each required by statute to contribute at the actuarially determined rate of 9.6 percent (9.1 percent retirement and 0.5 percent long-term disability) of the members' annual covered payroll. The Risk Management Trust Fund's contributions to the System for the years ended June 30, 2008, 2007, and 2006 were \$126,790, \$107,105, and \$79,608, respectively, which were equal to the required contributions for the year.



# STATISTICS AND COVERAGE

## TOTAL COST SUMMARY FY05-06 TO FY07-08



		Auto Liability	Auto Physical Damage	General Liability	Medical Malpractice	Property	Workers' Compensation	Total
<b>FY 05-06</b>	\$ Paid	\$2,137,990	\$773,691	\$2,502,882	\$1,316,479	\$174,133	\$4,363,878	\$11,269,053
	Open Reserves	\$148,287	\$1,060	\$2,474,185	\$821,783	\$0	\$2,854,363	\$6,299,678
	Total Incurred <sup>5</sup>	\$2,286,277	\$774,751	\$4,977,067	\$2,138,263	\$174,133	\$7,218,241	\$17,568,731
<b>FY 06-07</b>	\$ Paid	\$401,316	\$613,982	\$1,072,154	\$1,301,427	\$373,028	\$3,167,711	\$6,929,618
	Open Reserves	\$679,194	\$19,943	\$2,299,111	\$601,491	\$8,601	\$900,819	\$4,509,159
	Total Incurred <sup>5</sup>	\$1,080,510	\$633,925	\$3,371,266	\$1,902,919	\$381,629	\$4,068,530	\$11,438,778
<b>FY 07-08</b>	\$ Paid	\$184,950	\$430,776	\$151,674	\$2,546	\$57,188	\$1,831,356	\$2,658,489
	Open Reserves	\$157,821	\$219,369	\$5,351,515	\$598,761	\$162,448	\$1,554,015	\$8,043,929
	Total Incurred <sup>5</sup>	\$342,770	\$650,145	\$5,503,188	\$601,307	\$219,636	\$3,385,371	\$10,702,417

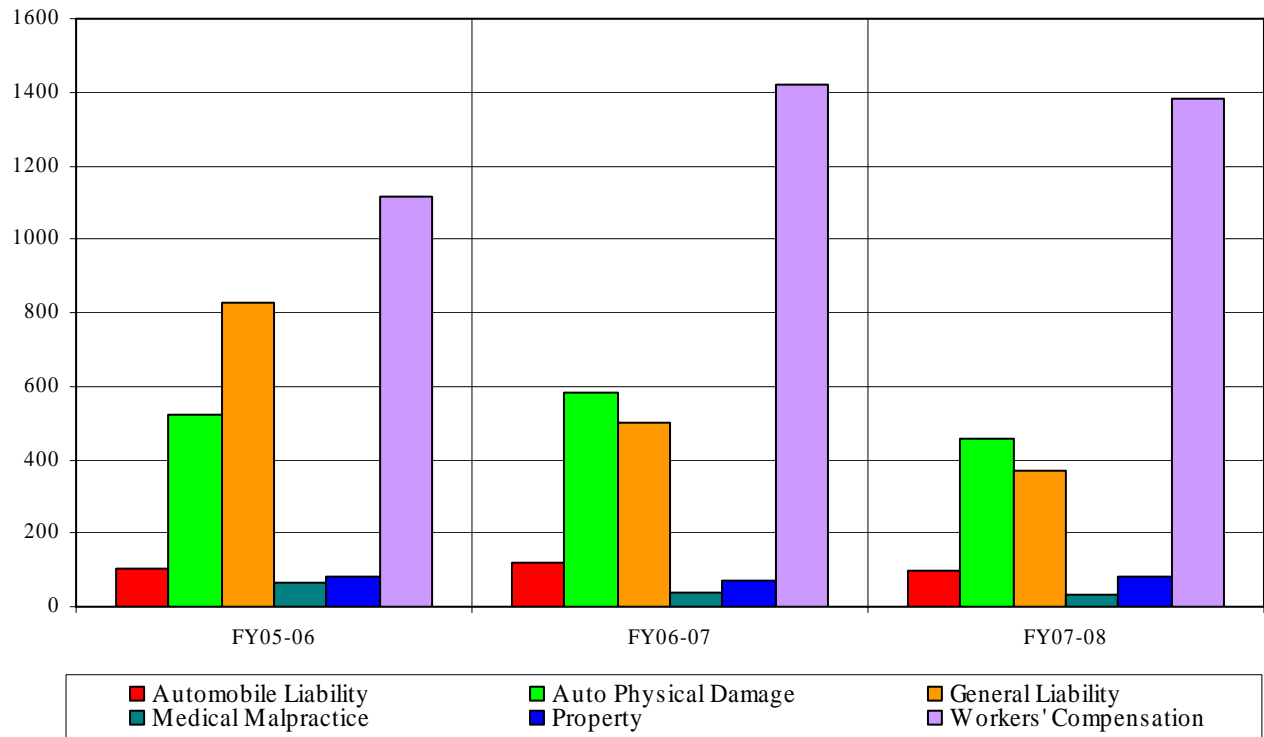
- Notes:
1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY05-06 give a truer picture as these claims have had time to mature.
  2. Number of claims paid represents the amount of claims for the year in which the event occurred.
  3. Amounts as valued on June 30, 2008, as reported by the RiskMaster system except for Workers' Compensation amounts as valued on June 30, 2008, as reported by the Pinnacle system.
  4. Unemployment not included.
  5. Total Incurred = \$ Paid plus Open Reserves, minus Total Recoveries.

**TOTAL CLAIMS SUMMARY TABLE  
FY05-06 TO FY07-08**

Department	FY05-06		FY06-07		FY07-08	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	62	\$1,139,741	123	\$220,568	88	\$69,233
AIR QUALITY	12	\$22,568	25	\$122,610	34	\$28,450
ANIMAL CONTROL	102	\$159,283	124	\$86,535	117	\$31,900
CLERK OF SUPERIOR COURT	19	\$54,072	29	\$16,703	19	\$10,845
CORRECTIONAL HEALTH	54	\$1,104,494	61	\$530,694	64	\$36,847
COUNTY ASSESSOR	12	\$13,517	9	\$1,023	14	\$15,695
COUNTY ATTORNEY	45	\$83,925	51	\$130,407	39	\$62,005
DEPT OF TRANSPORTATION	205	\$792,133	209	\$227,874	173	\$171,323
ENVIRONMENTAL SERVICES	60	\$1,101,894	52	\$77,383	45	\$39,007
EQUIPMENT SERVICES	10	\$28,766	11	\$46,345	15	\$107,122
FACILITIES MANAGEMENT	45	\$166,996	39	\$54,761	36	\$49,408
FLOOD CONTROL	51	\$71,513	45	\$48,629	43	\$65,299
HUMAN SERVICES	41	\$151,219	56	\$55,189	62	\$51,693
JUVENILE PROBATION	65	\$133,072	107	\$369,525	85	\$85,791
MEDICAL EXAMINER	16	\$194,579	21	\$15,365	15	\$12,848
MIHS	291	\$1,171,126	420	\$1,727,113	505	\$571,236
PARKS & RECREATION	31	\$42,411	24	\$113,045	26	\$87,273
PLANNING AND DEVELOPMENT	19	\$10,200	20	\$37,560	15	\$27,526
PUBLIC DEFENDER	19	\$58,597	12	\$44,588	22	\$40,966
PUBLIC HEALTH	61	\$82,609	81	\$128,626	54	\$35,991
RISK MANAGEMENT	16	\$435	23	\$3,834	11	\$0
SHERIFF	1332	\$4,341,801	1041	\$2,531,632	818	\$885,500
SUPERINTENDENT OF SCHOOLS	7	\$0	2	\$34,284	3	\$0
TRIAL COURTS	59	\$188,145	77	\$124,095	67	\$132,954
ALL OTHERS	79	\$155,959	70	\$181,231	47	\$39,575
<b>TOTAL</b>	<b>2713</b>	<b>\$11,269,053</b>	<b>2732</b>	<b>\$6,929,618</b>	<b>2417</b>	<b>\$2,658,489</b>

- Notes:
1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY05-06 give a truer picture as these claims have had time to mature.
  2. Number of claims paid represents the amount of claims for the year in which the event occurred.
  3. Amounts as valued on June 30, 2008, as reported by the Advantage Financial System, the Pinnacle system, or by the RiskMaster system.

## TOTAL NUMBER OF CLAIMS SUMMARY FY05-06 TO FY07-08



	FY05-06	FY06-07	FY07-08
Automobile Liability	106	118	96
Auto Physical Damage	520	583	459
General Liability	827	503	371
Medical Malpractice	63	38	30
Property	82	70	81
Workers' Compensation	1115	1420	1380
<b>TOTAL</b>	<b>2713</b>	<b>2732</b>	<b>2417</b>

- Notes:
1. Number of claims paid represents the amount of claims for the year in which the event occurred.
  2. Amounts as valued on June 30, 2008, as reported by the RiskMaster system except for Workers' Compensation amounts as valued on June 30, 2008, as reported by the Pinnacle System.
  3. Unemployment not included.

**AUTO LIABILITY LOSS SUMMARY  
FY05-06 TO FY07-08**

Department	FY05-06		FY06-07		FY07-08	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	1	\$2,230	3	\$0	2	\$0
AIR QUALITY	1	\$1,500	3	\$98,330	7	\$11,343
ANIMAL CONTROL	5	\$14,171	7	\$14,705	6	\$1,129
CLERK OF SUPERIOR COURT	0	\$0	3	\$0	0	\$0
CONSTABLES	1	\$2,100	0	\$0	0	\$0
COUNTY ATTORNEY	3	\$16,071	0	\$0	3	\$5,606
DEPT OF TRANSPORTATION	9	\$7,411	21	\$16,212	12	\$37,063
ELECTIONS DEPARTMENT	0	\$0	2	\$0	0	\$0
ENVIRONMENTAL SERVICES	7	\$1,016,446	4	\$4,377	4	\$2,737
EQUIPMENT SERVICES	0	\$0	0	\$0	2	\$2,986
FACILITIES MANAGEMENT	5	\$9,198	2	\$26,766	2	\$15,284
FLOOD CONTROL	2	\$854	0	\$0	3	\$6,837
HUMAN SERVICES	6	\$13	3	\$20,951	5	\$3,203
JUVENILE PROBATION	0	\$0	3	\$0	0	\$0
MIHS	4	\$11,111	0	\$0	1	\$0
PARKS & RECREATION	2	\$2,663	1	\$10,570	1	\$1,137
PLANNING AND DEVELOPMENT	4	\$4,582	3	\$12,102	2	\$7,644
PUBLIC HEALTH	0	\$0	0	\$0	2	\$2,233
RISK MANAGEMENT	6	\$0	4	\$494	2	\$0
SHERIFF	49	\$1,041,477	57	\$194,317	42	\$87,746
SOLID WASTE MANAGEMENT	0	\$0	2	\$2,492	0	\$0
TELECOMMUNICATIONS	1	\$8,162	0	\$0	0	\$0
<b>TOTAL</b>	106	\$2,137,990	118	\$401,316	96	\$184,950

- Notes:
1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY05-06 give a truer picture as these claims have had time to mature.
  2. Number of claims paid represents the amount of claims for the year in which the event occurred.
  3. Amounts as valued on June 30, 2008, as reported by the RiskMaster system.

**AUTO PHYSICAL DAMAGE LOSS SUMMARY  
FY05-06 TO FY07-08**

Department	FY05-06		FY06-07		FY07-08	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	18	\$10,490	24	\$47,093	22	\$10,655
AIR QUALITY	7	\$18,275	16	\$20,738	13	\$5,865
ANIMAL CONTROL	23	\$6,960	37	\$18,699	28	\$7,498
CLERK OF SUPERIOR COURT	1	\$0	4	\$0	1	\$2,328
CONSTABLES	4	\$0	0	\$0	2	\$0
COUNTY ASSESSOR	3	\$0	2	\$250	1	\$250
COUNTY ATTORNEY	11	\$5,786	6	\$4,980	8	\$4,122
DEPT OF TRANSPORTATION	56	\$271,028	58	\$49,041	37	\$70,763
ENVIRONMENTAL SERVICES	22	\$21,118	23	\$2,000	24	\$9,350
FACILITIES MANAGEMENT	15	\$14,497	10	\$3,559	9	\$1,103
FLOOD CONTROL	27	\$32,183	26	\$8,152	28	\$5,972
HUMAN SERVICES	14	\$37,130	21	\$3,075	19	\$4,749
JUVENILE PROBATION	3	\$9,506	9	\$3,911	9	\$3,003
MIHS	9	\$9,491	2	\$0	2	\$0
OFFICE OF ENTERPRISE TECH	3	\$0	1	\$144	1	\$120
PARKS & RECREATION	14	\$5,501	4	\$1,205	6	\$2,882
PLANNING AND DEVELOPMENT	11	\$5,025	12	\$21,639	8	\$7,611
PUBLIC DEFENDER	1	\$0	2	\$11,023	0	\$0
PUBLIC HEALTH	7	\$494	9	\$3,877	10	\$750
RISK MANAGEMENT	3	\$0	3	\$0	0	\$0
SHERIFF	261	\$315,046	296	\$400,661	217	\$219,444
SOLID WASTE MANAGEMENT	1	\$8,741	4	\$9,921	2	\$17,599
SUPERINTENDENT OF SCHOOLS	2	\$0	0	\$0	1	\$0
TRIAL COURTS	2	\$2,336	0	\$0	0	\$0
ALL OTHERS	2	\$85	14	\$4,014	11	\$56,714
<b>TOTAL</b>	<b>520</b>	<b>\$773,691</b>	<b>583</b>	<b>\$613,982</b>	<b>459</b>	<b>\$430,776</b>

- Notes:
1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY05-06 give a truer picture as these claims have had time to mature.
  2. Number of claims paid represents the amount of claims for the year in which the event occurred.
  3. Amounts as valued on June 30, 2008, as reported by the RiskMaster system.

**GENERAL LIABILITY LOSS SUMMARY**  
**FY05-06 TO FY07-08**

Department	FY05-06		FY06-07		FY07-08	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	6	\$0	3	\$0	4	\$0
ANIMAL CONTROL	19	\$719	20	\$462	23	\$1,270
BOARD OF SUPERVISORS CLERK	3	\$1,816	0	\$0	0	\$0
CONSTABLES	2	\$12,667	0	\$0	0	\$0
CORRECTIONAL HEALTH	2	\$0	3	\$9,340	3	\$0
COUNTY ATTORNEY	11	\$16,091	21	\$80,504	14	\$46,539
DEPT OF TRANSPORTATION	104	\$412,457	96	\$37,226	82	\$1,737
ENVIRONMENTAL SERVICES	2	\$0	4	\$10,485	0	\$0
FACILITIES MANAGEMENT	12	\$5,455	5	\$1,668	7	\$0
FLOOD CONTROL	4	\$11,816	3	\$0	3	\$0
HUMAN SERVICES	3	\$5,248	0	\$0	2	\$0
LEGAL DEFENDER	2	\$0	1	\$10,754	2	\$1,012
MEDICAL EXAMINER	4	\$166,656	3	\$1,319	0	\$0
MIHS	14	\$24,139	26	\$27,606	24	\$13,794
OFFICE CONTRACT COUNSEL	2	\$2,908	1	\$0	1	\$0
PARKS & RECREATION	4	\$1,580	5	\$0	4	\$4,342
PLANNING AND DEVELOPMENT	2	\$0	0	\$0	0	\$0
PUBLIC DEFENDER	4	\$1,414	3	\$7,844	9	\$21,573
PUBLIC HEALTH	10	\$0	17	\$7,009	2	\$0
RECORDER	4	\$0	1	\$0	1	\$0
RISK MANAGEMENT	5	\$0	15	\$3,340	9	\$0
SHERIFF	583	\$1,839,620	238	\$803,619	155	\$61,366
SUPERINTENDENT OF SCHOOLS	4	\$0	2	\$34,284	2	\$0
TRIAL COURTS	14	\$296	19	\$21,351	11	\$40
ALL OTHERS	7	\$0	17	\$15,344	13	\$0
<b>TOTAL</b>	<b>827</b>	<b>\$2,502,882</b>	<b>503</b>	<b>\$1,072,154</b>	<b>371</b>	<b>\$151,674</b>

- Notes:
1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY05-06 give a truer picture as these claims have had time to mature.
  2. Number of claims paid represents the amount of claims for the year in which the event occurred.
  3. Amounts as valued on June 30, 2008, as reported by the RiskMaster system.



**MEDICAL MALPRACTICE LOSS SUMMARY**  
**FY05-06 TO FY07-08**

Department	FY05-06		FY06-07		FY07-08	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
CORRECTIONAL HEALTH	39	\$1,092,199	24	\$469,667	25	\$2,546
MARICOPA HEALTH PLAN	2	\$0	0	\$0	0	\$0
MIHS	22	\$224,280	14	\$831,760	4	\$0
PUBLIC HEALTH	0	\$0	0	\$0	1	\$0
<b>TOTAL</b>	63	\$1,316,479	38	\$1,301,427	30	\$2,546

- Notes:
1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY05-06 give a truer picture as these claims have had time to mature.
  2. Number of claims paid represents the amount of claims for the year in which the event occurred.
  3. Amounts as valued on June 30, 2008, as reported by the RiskMaster system.

**PROPERTY DAMAGE LOSS SUMMARY**  
**FY05-06 TO FY07-08**

Department	FY05-06		FY06-07		FY07-08	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	0	\$0	0	\$0	4	\$1,062
AIR QUALITY	3	\$2,693	1	\$0	5	\$9,368
ANIMAL CONTROL	10	\$0	7	\$4,167	16	\$0
DEPT OF TRANSPORTATION	9	\$29,997	12	\$50,691	17	\$2,568
ELECTIONS DEPARTMENT	0	\$0	3	\$15,134	0	\$0
ENVIRONMENTAL SERVICES	8	\$8,759	4	\$0	3	\$6,254
EQUIPMENT SERVICES	3	\$5,681	1	\$3,297	0	\$0
FACILITIES MANAGEMENT	1	\$0	3	\$711	5	\$23,443
FINANCE	1	\$0	0	\$0	0	\$0
FLOOD CONTROL	9	\$12,043	5	\$8,163	2	\$1,865
HUMAN SERVICES	2	\$0	2	\$0	1	\$2,010
INTEGRATED CRIML JUSTICE	1	\$5,116	0	\$0	0	\$0
JUVENILE PROBATION	2	\$2,867	0	\$0	1	\$0
MIHS	5	\$66,364	6	\$163,934	0	\$0
PARKS & RECREATION	4	\$3,931	6	\$92,894	7	\$4,716
PLANNING AND DEVELOPMENT	0	\$0	1	\$0	1	\$0
PUBLIC HEALTH	8	\$1,717	4	\$3,100	2	\$0
SHERIFF	14	\$34,964	13	\$30,936	14	\$5,901
SOLID WASTE MANAGEMENT	0	\$0	1	\$0	1	\$0
SUPERINTENDENT OF SCHOOLS	1	\$0	0	\$0	0	\$0
TRIAL COURTS	1	\$0	1	\$0	2	\$0
<b>TOTAL</b>	82	\$174,133	70	\$373,028	81	\$57,188

- Notes:
1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY05-06 give a truer picture as these claims have had time to mature.
  2. Number of claims paid represents the amount of claims for the year in which the event occurred.
  3. Amounts as valued on June 30, 2008, as reported by the RiskMaster system.

**WORKERS COMPENSATION LOSS SUMMARY  
FY05-06 TO FY07-08**

Department	FY05-06		FY06-07		FY07-08	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	37	\$1,127,021	93	\$173,475	56	\$57,516
ANIMAL CONTROL SERVICES	45	\$137,433	53	\$48,502	44	\$22,003
BOARD OF SUPERVISORS	3	\$270	0	\$0	0	\$0
CLERK OF SUPERIOR COURT	18	\$54,072	22	\$16,703	18	\$8,517
CORRECTIONAL HEALTH	13	\$12,295	34	\$51,687	35	\$33,802
COUNTY ASSESSOR	8	\$13,517	4	\$773	8	\$15,445
COUNTY ATTORNEY	20	\$45,977	24	\$44,923	14	\$5,738
COUNTY MANAGERS OFFICE	3	\$3,450	0	\$0	0	\$0
DEPT OF TRANSPORTATION	27	\$71,241	22	\$74,704	25	\$59,191
ENVIRONMENTAL SERVICES	21	\$55,571	17	\$60,521	14	\$20,666
EQUIPMENT SERVICES	7	\$23,085	9	\$43,048	7	\$52,920
FACILITIES MANAGEMENT	12	\$137,846	19	\$22,055	13	\$9,579
FLOOD CONTROL DISTRICT	9	\$14,616	11	\$32,314	7	\$50,625
HEALTH CARE MANDATES	3	\$6,738	2	\$514	0	\$0
HUMAN SERVICES	16	\$108,828	30	\$31,163	35	\$41,730
JUVENILE PROBATION	59	\$120,698	95	\$365,613	73	\$82,788
MEDICAL EXAMINER	12	\$27,923	17	\$13,065	12	\$10,512
MIHS	237	\$835,742	372	\$703,812	474	\$557,442
PARKS & RECREATION	7	\$28,735	8	\$8,376	8	\$74,195
PUBLIC DEFENDER	14	\$57,183	7	\$25,721	13	\$19,393
PUBLIC FIDUCIARY	3	\$12,792	1	\$188	0	\$0
PUBLIC HEALTH	36	\$80,398	51	\$114,641	37	\$33,008
SHERIFF	425	\$1,110,693	437	\$1,102,099	390	\$511,044
TRIAL COURTS	42	\$185,513	57	\$102,744	54	\$132,914
ALL OTHERS	38	\$92,241	35	\$131,069	43	\$32,328
<b>TOTAL</b>	1115	\$4,363,878	1420	\$3,167,711	1380	\$1,831,356

- Notes:
1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY05-06 give a truer picture as these claims have had time to mature.
  2. Amounts as valued on June 30, 2008, as reported by the Pinnacle system.

**UNEMPLOYMENT LOSS SUMMARY  
FY05-06 TO FY07-08**

Department	FY05-06	FY06-07	FY07-08
	\$ Paid	\$ Paid	\$ Paid
ADULT PROBATION	\$11,127	\$14,925	\$31,507
ALTCS	\$257,467	\$125,200	\$0
ANIMAL CONTROL	\$16,586	\$838	\$5,957
CALL CENTER	\$6,203	\$4,459	\$0
CLERK OF SUPERIOR COURT	\$24,045	\$37,489	\$22,561
CORRECTIONAL HEALTH	\$6,287	\$9,432	\$26,769
COUNTY ASSESSOR	\$10,230	\$20,536	\$10,298
COUNTY ATTORNEY	\$13,126	\$5,626	\$17,131
DEPT OF TRANSPORTATION	\$8,411	\$2,331	\$9,503
ELECTIONS	\$9,704	\$13,982	\$18,446
ENVIRONMENTAL SERVICES	\$19,428	\$25,362	\$22,468
FACILITIES MANAGEMENT	\$15,365	\$11,557	\$972
HOUSING	\$2,948	\$6,900	\$3,875
HUMAN SERVICES	\$122,240	\$99,235	\$174,303
JUVENILE PROBATION	\$30,658	\$34,848	\$40,147
LEGAL DEFENDER	\$7,907	\$3,661	\$0
LIBRARY DISTRICT	\$3,120	\$0	\$2,213
MIHS	\$99,234	\$73,412	\$176,729
PUBLIC DEFENDER	\$15,768	\$9,864	\$16,404
PUBLIC FIDUCIARY	\$7,138	\$667	\$2,974
PUBLIC HEALTH	\$12,654	\$19,487	\$34,954
SHERIFF	\$41,686	\$51,935	\$61,247
SOLID WASTE	\$8,299	\$1,652	\$0
TRIAL COURTS	\$33,660	\$34,435	\$50,648
ALL OTHERS	\$32,051	\$51,243	\$64,793
<b>TOTAL</b>	<b>\$815,341</b>	<b>\$659,077</b>	<b>\$793,900</b>

Notes: 1. Dollars paid represents the amount paid for the fiscal year. There are no reserves for unemployment.  
2. Amounts as valued on June 30, 2008, as reported by the Advantage Financial System.